

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: INTERSTATE POWER AND LIGHT COMPANY	DOCKET NO. TF-2012-0640 (RPU-2010-0001)
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ORDER APPROVING TARIFF

(Issued January 7, 2013)

On January 10, 2011, the Utilities Board (Board) issued a "Final Decision and Order" (Final Order) in Docket No. RPU-2010-0001, an electric rate case with Interstate Power and Light Company (IPL). Among other things, the Final Order authorized IPL to implement a Tax Benefit Rider (TBR) tariff, which provides billing credits to customers from the regulatory liability account established for expected income tax benefits that were authorized by the Board in Docket No. ARU-2010-0001.

On November 20, 2012, IPL filed a tariff filing, identified as TF-2012-0640, to implement the 2013 TBR tariff rate effective with the January 2013 billing cycle; the filing would continue to provide IPL's income tax benefits to electric customers in Iowa through a bill credit. IPL provided attachments showing its calculations for deriving the 2013 TFR tariff rate.

On November 27, 2012, the Consumer Advocate Division of the Department of Justice (Consumer Advocate) filed a conditional objection to the proposed TBR

tariff. Consumer Advocate said it had reviewed the proposed tariff and had thus far been unable to determine whether the refund amount is appropriate and in compliance with the Final Order and an accounting order issued in Docket No. ARU-2010-0001, or whether a larger refund should be made. Consumer Advocate said it needed additional time to analyze the filing. However, Consumer Advocate said that IPL electric customers should not be deprived of the undisputed portion of the tax benefit during 2013, which is \$56,220,000.

On December 14, 2012, the Board issued an order docketing the tariff and authorizing IPL to refund the undisputed portion (\$56,220,000) to customers as proposed in TF-2012-0640. The order required Consumer Advocate to report to the Board on or before January 9, 2013, detailing the status of its investigation as to whether additional refunds might be appropriate.

Also on December 14, 2012, IPL made an errata filing in TF-2012-0640 to correct the deferred tax adjustment for IPL's electric retail jurisdiction. The adjustment was changed to \$24,320,176 from \$24,538,506. IPL said the tariff sheet it previously filed was not impacted by this revision.

On December 21, 2012, Consumer Advocate withdrew its conditional objection to IPL's tariff. Consumer Advocate said that the proper amount to include in the 2013 TBR remains at \$56,220,000, the amount calculated by IPL. Consumer Advocate said that IPL's December 14, 2012, errata filing increases the remaining tax benefit balance to be refunded in future years by \$218,330.

The Board will approve the 2013 TBR, as amended by IPL's errata filing. The amount of the 2013 TBR, \$56,220,000, is derived by offsetting gross tax benefits of \$80,758,506 by a normalized deferred tax adjustment of \$24,538,506. Estimated kWh sales for 2013 are then used to arrive at a refund factor per kWh.

In its filing, IPL provided some additional information about the TBR. Gross tax benefits from the three projects at issue in the Internal Revenue audit (deduction of repair expenditures, allocation of mixed service costs, and allocation of insurance proceeds from the 2008 flood) are expected to be about \$450 million for the Iowa electric retail jurisdiction. Through September of 2012, about \$125 million has been credited via the TBR to IPL's electric customers.

IT IS THEREFORE ORDERED:

Tariff filing TF-2012-0640 is approved, as amended on December 14, 2012, subject to complaint or investigation, and effective as of the date of this order.

UTILITIES BOARD

/s/ Darrell Hanson

ATTEST:

/s/ Joan Conrad
Executive Secretary

/s/ Swati A. Dandekar

Dated at Des Moines, Iowa, this 7th day of January 2013.